

By RICHARD LARDNER, Associated Press Writer — June 10, 2009

WASHINGTON — Pentagon employees have received millions of dollars in free travel and lodging from foreign countries, trade groups and companies with an interest in shaping policies or doing business with the U.S. military.

Defense officials say the arrangement is legal, saves taxpayers money and is carefully monitored to ensure there are no conflicts of interest. But government watchdogs say it allows donors to subtly exert influence for a small investment compared with the potential gain.

Between 1998 and 2007, hundreds of outside sources, including athletic shoemaker Nike Inc., the Chinese government and pharmaceutical giant Johnson & Johnson, footed the bill for more than 22,000 trips at a cost of \$26 million, according to an analysis of government travel disclosure records by the Center for Public Integrity in Washington. Rome, Paris, Rio de Janeiro and Las Vegas were among the destinations. Travelers ranged from four-star officers — one was then-Adm. Dennis Blair, now the Obama administration's director of national intelligence — to junior enlisted troops.

The Defense Department is allowed to accept paid travel on behalf of employees so they can attend meetings, conferences and other functions. The event must be related to an employee's official duties and has to be beneficial to the military. Employees cannot solicit trips.

"We have a fiscal responsibility to take every opportunity to reduce government expenses on travel," said Eric Rishel, a senior attorney in the Pentagon general counsel's office.

But Winslow Wheeler, director of the Straus Military Reform Project at the Center for Defense Information, says the Defense Department, which has an annual budget of more than \$500 billion, should pay its own way to eliminate the perception of any impropriety. "This isn't even pocket change for the Pentagon," Wheeler said of the \$26 million. "It's loose money under the couch cushions."

The analysis provided to the Associated Press by the Center for Public Integrity, a Washington-based investigative journalism organization, describes a sometimes-inconsistent review process that has led to questionable trips. In one 2005 example highlighted by the center, Richard J. Millies, then a senior Pentagon official overseeing foreign weapons sales, and his wife flew first-class to Saudi Arabia. They spent eight days there enjoying camel races, banquets and a musical production. The entire \$24,000 tab was paid by the oil-rich Saudis, a major buyer of U.S.-made military gear.

Millies no longer works as deputy director of the Defense Security Cooperation Agency; he is vice president of international strategy and business development at BAE Systems, a major defense contractor. Millies defended the visit as an important opportunity to exchange information. Turning down the invitation, he said, would have offended the Saudis. "Hospitality is very important in Arab cultures," he told the center. Kay Cannon, the agency's general counsel, said Millies' trip was "thoroughly vetted and approved."

Foreign governments sponsored 1,500 trips worth \$2.6 million. Australia, Singapore and Japan were the leaders, with China, Russia and the United Arab Emirates also paying for travel.

In March 2001, Blair, then commander of U.S. Pacific Command, took a \$3,600 trip to China paid by the Chinese. Blair, who retired from the military in 2002, now oversees the nation's intelligence operations.

Michael Birmingham, a spokesman for Blair, said the visit was a "military to military" exchange that complied fully with the rules and reporting requirements. He said it's customary for a U.S. official to accept accommodations and meals when a host country invites that person on official business. As with the Saudis, Birmingham said, it would be rude to say no.

Commercial firms selling goods and services to the military also provided similar largess. Retail firms focused on managers at the military's vast network of base exchanges that sell clothes, shoes and electronics to service members, the analysis found.

Nike spent more than \$80,000 on nearly 100 trips by Navy merchandise managers for displays of product lines. Skechers USA Inc., another shoe manufacturer, toy maker Mattel Inc. and electronics titan Sony Corp. also paid for trips taken by buyers and managers from military exchanges.

Medical companies, trade groups and professional associations sponsored 8,700 trips at a cost of more than \$10 million — nearly 40 percent of the total. Employees in the military's sprawling pharmacy system, which buys billions of dollars in prescription drugs each year, accounted for 400 of those trips at a cost of nearly \$400,000.

Dr. Adriane Fugh-Berman, an associate professor at Georgetown University's medical school, says drug makers and medical device companies view the trips as tools for persuading doctors and pharmacists to use their products.

"It creates the illusion of a partnership," said Fugh-Berman, who studies the influence of pharmaceutical companies. "And there shouldn't be a partnership between government and industry."

Medtronic, a multibillion-dollar medical technology company, spent \$93,000 on 86 trips. Fifteen of those, totaling more than \$13,000, were taken between 2001 and 2006 by Dr. Timothy R. Kuklo, a surgeon who became a Medtronic consultant after retiring from the military in 2007.

The company recently suspended its agreement with Kuklo after an Army investigation revealed he falsified information in a medical journal article that overstated the benefits of a drug sold by Medtronic to treat combat-related bone injuries.

Marybeth Thorsgaard, a Medtronic spokeswoman, said military physicians, and ultimately their patients, benefit from attending conferences and training sessions the company sponsors. When Medtronic pays, travelers are required to sign an agreement stating government rules are being followed.

The travel records, submitted by the Defense Department in paper form to the U.S. Office of Government Ethics, were digitized and sorted in a joint project by the Center and Northwestern University's Medill School of Journalism.

Craig Holman of Public Citizen in Washington said this is the first public and searchable database of the records. "We're going to get a good look inside and see if there are any abuses," he said.